

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET  
NO. 06-0256408**

**IN THE WOODLAWN (COTTON  
VALLEY) FIELD, HARRISON AND  
MARION COUNTIES, TEXAS**

**FINAL ORDER  
AMENDING THE FIELD RULES  
FOR THE WOODLAWN (COTTON VALLEY) FIELD  
HARRISON AND MARION COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on September 17, 2007, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is ordered by the Railroad Commission of Texas that Rules 1, 2 and 3 of the field rules adopted in Final Order No. 06-0217785, effective December 16, 1997, as amended, for the Woodlawn (Cotton Valley) Field, Harrison and Marion Counties, Texas, are hereby amended. The amended rules are set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 8,345 feet to 11,685 feet as shown on the log of the Davis Gas Unit "A" Well No. 2, (API No. 42-203-00308), L. Watkins Survey, A-750, Harrison County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Woodlawn (Cotton Valley) Field.

**RULE 2:** No well for gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED (600) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit in either field. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

Notwithstanding the above, there shall be no minimum requirement for between well spacing between horizontal and vertical wells.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

Provided, however, that for purposes of the lease line spacing requirement for horizontal wells, the following shall apply:

- a. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. All take points in a horizontal drainhole well shall be a minimum of FOUR HUNDRED SIXTY SEVEN (467) feet from the property line, lease line, or subdivision line.
- c. All take points in a horizontal drainhole well shall be a minimum distance of SIX HUNDRED (600) FEET from take points in any existing, permitted, or applied for horizontal drainhole on the same lease.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

**RULE 3:** The acreage assigned to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be SIX HUNDRED FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of SEVEN HUNDRED AND FOUR (704) acres may be assigned. Each proration unit containing less than SIX HUNDRED FORTY (640) acres shall be a fractional proration unit.

An operator, at his option, shall be permitted to form optional drilling units of EIGHTY (80) acres.

There is no maximum diagonal limitation and operators are not required to file Form P-15 or proration unit plats for individual wells in the field.

For the purpose of assigning additional acreage to a horizontal well pursuant to Rule 86, the distance from take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus.

**RULE 4:** The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all proratable wells producing from this field.

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

It is further ordered that the allocation formula in the Woodlawn (Cotton Valley) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Woodlawn (Cotton Valley) Field drops below 100% of deliverability.

Done this 24<sup>th</sup> day of June, 2008.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotected Master Order dated June  
24, 2008)**